

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Five)

Docket No. RM2018-8

CHAIRMAN'S INFORMATION REQUEST NO. 2
AND NOTICE OF FILING UNDER SEAL

(Issued July 27, 2018)

To clarify the Postal Service's petition to consider a change in analytical principles, filed June 26, 2018,¹ the Postal Service is requested to provide written responses to the following questions. Answers to each question should be provided as soon as they are developed, but no later than August 3, 2018.

1. Please refer to Library Reference USPS-RM2018-8/NP1, June 26, 2018, folder "ICRA," folder "Supporting Files," folder "FPS Inbound Data," folder "Data as Received," Excel file "RPW-Carwash for ICRA-FY17(6'18).xlsx," tab "FY17 FPS Carwash (ADJ)," columns AG:AM.
 - a. Please provide a workbook demonstrating how these data were developed from the dispatch format data reported in columns X:AF, with supporting data for the underlying distribution keys.
 - b. Please confirm that the revenue, pieces, and weight reported in columns AG:AM are the "reallocated" item format revenue, pieces, and weight referred to in the Petition. Petition, Proposal Five at 5.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), June 26, 2018 (Petition).

- c. If part b is confirmed, please also confirm, if this proposal is approved, that the data in columns AG:AM, will be directly incorporated into the FY 2018 International Cost and Revenue Analysis (ICRA) report, rather than the data in columns X:AF, as modified by distribution keys based on columns AG:AM.²
 - d. If part b is not confirmed, please explain the purpose of columns AG:AM and how these data are developed.
- 2. Please refer to Library Reference USPS-RM2018-8/NP1, folder "ICRA," folder "Supporting Files," folder "FPS Inbound Data," folder "Data as Received," Excel file "RPW-Carwash for ICRA-FY17(6'18).xlsx," tab "Pivot for FPS Inbound Input."
 - a. Please confirm that the reported distributions in Library Reference USPS-RM2018-8/NP1, folder "ICRA," folder "Supporting Files," folder "FPS Inbound Data," Excel file "FPS_Inbound_Inputs.xlsx" tabs "ALC_E," and "SAO_E" are calculated at the fiscal year level and applied to quarterly volumes.
 - b. If part a is confirmed, please explain why an annual distribution is applied to quarterly volumes. Please also describe any plans to use quarterly data in the future.
 - c. If part a is not confirmed, please identify for what time period these distributions are calculated and explain the rationale.
- 3. Please refer to Library Reference USPS-RM2018-8/NP2, July 17, 2018, Excel file "Prop5 ChIR1 Q3b.xlsx." Please provide workpapers demonstrating how the Postal Service calculated this crosswalk.

² See Library Reference USPS-RM2018-8/NP1, folder "ICRA," folder "Supporting Files," folder "FPS Inbound Data," Excel file "FPS_Inbound_Inputs.xlsx," tabs "ALC_E," "ALC_E_PQ1," "ALC_E_PQ2," "ALC_E_PQ3," "ALC_E_PQ4," "SAO_E," "SAO_E_PQ1," "SAO_E_PQ2," "SAO_E_PQ3," and "SAO_E_PQ4."

4. Please refer to the response to Chairman's Information Request No. 1 (CHIR No. 1), question 4.c.³ According to the Postal Service, "Now that all packets are intended to be scanned, the scanning costs will be implicitly included in the packets cost derived from the normal sampling process." Response to CHIR No. 1, question 4.c.
 - a. Please confirm that the Postal Service intends to scan all format E mailpieces, including bulky letters.⁴
 - b. If part a is confirmed, please identify the provision in the Universal Postal Convention or its Regulations that requires designated operators to scan all format E mailpieces. If there is no such provision in the Universal Postal Convention or its Regulations, please explain why the Postal Service intends to scan all format E mailpieces.
 - c. If part a is not confirmed, please identify the "packets" the Postal Service intends to scan, specifying their Universal Postal Union format (P, G, E) and contents (documents or goods). Please also identify the provision in the Universal Postal Convention or its Regulations that requires designated operators to scan those "packets." If there is no such provision in the Universal Postal Convention or its Regulations, please explain why the Postal Service intends to scan "all packets."
5. According to the Postal Service, "[t]he revenue by Dispatch Format is . . . distributed to the Item Formats based upon the Dispatch Format's average revenue per pound." Petition, Proposal Five at 9.

³ Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 1, July 17, 2018, question 4.c. (Responses to CHIR No. 1).

⁴ The Postal Service uses the term "packets" to refer all format E mailpieces, including both bulky letters and small packets. See Petition, Proposal Five at 2.

- a. Please explain how the Postal Service calculates and applies this distribution.
 - b. Please explain why this distribution is appropriate for those mail flows for which terminal dues are calculated on a per-item and per-kilogram basis.
 - c. Please explain the feasibility of distributing dispatch format revenue to item formats based on revenue per piece and revenue per pound for those mail flows for which terminal dues are calculated on a per-item and per-kilogram basis.
6. Please refer to Library Reference USPS-RM2018-8/NP2, document “Prop 5 Q10b Part22017 Reflecting Proposed Changes.pdf,” at 31-35 (Technical Description).
- a. For FY 2017, please provide the following information for each mail flow stratum:
 - i. The number of receptacles sampled;
 - ii. The percentage of the mail flow from that stratum represented by those receptacles;
 - iii. The Items Per Kilogram (IPK); and
 - iv. The variance estimate of the IPK.
 - b. For FY 2017, please provide the following information for each country and for all countries combined:
 - i. The inbound LC/AO⁵ piece estimate;
 - ii. The variance estimate of inbound LC/AO pieces;
 - iii. The inbound LC/AO IPK; and

⁵ “LC/AO” is an abbreviation for “lettres et cartes” and “autres objets,” and is French for “letters and cards” and “other objects.” LC/AO includes inbound letters, cards, flats, bulky letters, and small packets.

- iv. The variance estimate of the inbound LC/AO IPK.
- c. Please see Attachment, filed under seal.
- d. Please see Attachment, filed under seal.

By the Chairman.

Robert G. Taub